



# DOWNTOWN DEVELOPMENT DISTRICTS (DDD)

Round 5, Spring 2017 (FY17)

## Spring 2017 Funding Round

### AT A GLANCE: DDD Grant Program

The purpose of this summary is to provide a quick overview of the DDD Grant Program. For more detailed information about the program including program guidelines, links to District websites, maps, applications and forms, please visit DSHA's website at <http://dstatehousing.com/DDD>.

#### IMPORTANT DATES

- **March 14, 2017** Spring 2017 DDD Grant Program information posted to the DSHA website
- **May 15, 2017** Large Project Reservation applications due to DSHA by **4:00** p.m.

#### AVAILABLE FUNDING AND AWARD LIMITS

- DSHA has established two funding set-asides for DDD Grant awards, the **Small Project Set-Aside** and the **Large Project Set-Aside**, to ensure a variety of projects have ample access to the DDD funding.
- The Large Project Set-Aside has been further divided into a General Pool and a District Pool to ensure all Districts have reasonable access to the DDD funding. As with the initial round of funding for the first three designated Districts, DSHA has allocated 50% of the Large Project Set-Aside to each of the pools.
- District allocations are based on the populations of each District.

FUNDING SET-ASIDE	AVAILABLE	MQIT <sup>(1)</sup>	MAXIMUM AWARD
SMALL Project Set-Aside *	\$ 1,700,000	\$ 15,000	\$50,000 per building
LARGE Project Set-Aside **	\$ 4,549,368	\$ 25,000	\$1,500,000 per building or facility <sup>(2)</sup>

\*Approximate balance. Applications processed daily.

**BREAKDOWN OF LARGE PROJECT SET-ASIDE		
General Pool		\$ 2,274,684
District Pool		\$ 2,274,684
<i>Dover</i>	\$ 316,181	
<i>Seaford</i>	\$ 79,614	
<i>Wilmington</i>	\$ 1,044,080	
<i>Georgetown</i>	\$ 266,138	
<i>Harrington</i>	\$ 88,713	
<i>Laurel</i>	\$ 79,614	
<i>Milford</i>	\$ 225,193	
<i>Smyrna</i>	\$ 175,151	
<b>TOTAL LARGE PROJECT</b>		<b>\$ 4,549,368</b>

<sup>(1)</sup> The Minimum Qualified Investment Threshold (MQIT) for Large Projects is the minimum amount of Qualified Real Property Investments (QRPI) required to be made by an Investor to qualify for a Large Project DDD Grant. The MQIT for Large Projects is treated similarly to a deductible and is **not** eligible for a Grant. The MQIT for Small Projects is the required minimum investment only and is eligible for a Grant.

<sup>(2)</sup> DDD Grants are limited to \$1,500,000 per building or facility within a five-consecutive-year period, starting with the year in which a grant is first awarded or reserved. A \$1,500,000 Grant requires a QRPI greater than \$41,000,000.

#### ELIGIBLE APPLICANTS

- Investors that make a QRPI that meets minimum threshold requirements are eligible to apply for a DDD Grant. Eligible applicants include: property owners (occupant or non-occupant), tenants, for-profit developers, nonprofit organizations, businesses, and homeowners.

**Please note:** When applying as a tenant or an owner of space within a building, supplemental forms verifying coordination with the owner of the property, other tenants and/or other owners are required.

- Federal, state and local governments are **not** eligible for a DDD Grant Award.

## **MINIMUM THRESHOLD REQUIREMENTS**

- The QRPI must be made within the boundary of a designated DDD.
- The QRPI must be made **after** the date the real property is officially incorporated within the boundary of a designated District.
- The QRPI must be made in conformance with the approved District plan.
- The QRPI must be in **excess** of the required MQIT. For Large Projects the MQIT is treated similar to a deductible and is **not** eligible for a grant.
- The Investor must meet site control requirements (e.g. legal title, sales agreement or owner's consent).

## **ELIGIBLE EXPENSES**

- Capital investments **necessary** for the **rehabilitation, expansion, or new construction** of commercial, industrial, residential (including multi-family), or mixed-use buildings or facilities located within the boundary of a District.
- Only expenses that are properly chargeable to a capital account and incurred **after** the date the real property is officially incorporated within the boundary of a designated District are eligible for grant consideration.
- Eligible costs are generally referred to as "hard costs" and are associated with the building structure. This includes labor and materials required to construct the building envelope and the building interior.
- Depending on building use, some projects may be required to include accessibility improvements. Please contact your local municipality's inspection and planning department for accessibility requirements.
- The State's Division of Revenue requires all contractors working in Delaware to be licensed in Delaware. In the event that work is performed by someone other than a DE licensed third-party contractor, **only** materials up to \$500 may be considered eligible if the work performed is a qualified expenditure.
- Cash transactions are **highly discouraged** and require documentation, as requested by DSHA. Reimbursement of such transactions will be determined solely by DSHA.

## **INELIGIBLE ACTIVITIES AND EXPENSES**

- 'Adult Entertainment Establishments' as defined in *24 Del. C. 16*, check cashing facilities, gambling facilities, liquor stores \*, pawn or gun shops, tanning salons, tattoo parlors, vape shops, tobacco-only retailers or recreation-only marijuana retailers.  
*\* DSHA has elected to consider, as eligible, businesses that sell alcohol, as long as food is also sold and alcohol is available for purchase by the glass, as well as by the bottle. Businesses where alcohol is manufactured on premises are eligible under the industrial qualification.*
- Federal, state and local government owned buildings or operated businesses, including but not limited to, the following:
  - Libraries, post offices, public safety services such as police
- General maintenance type repairs and service calls.
- Costs generally referred to as "soft costs" are ineligible.
- Costs associated with the operation of a business located in the building are considered ineligible.
- Costs generally chargeable to furniture, fixtures and equipment are considered ineligible.

## **SMALL PROJECT SET-ASIDE**

- The Small Project Set-Aside is for program eligible Investors that make a QRPI of \$15,000 to \$250,000. Investors that make a QRPI above this limit may also apply; however, the award will be based on a capped QRPI of \$250,000 with a maximum Grant of \$50,000.
- Investors that make a \$15,000 or greater QRPI are eligible for a Grant in an amount equivalent to 20% of the QRPI up to \$50,000 per building or facility.
- DSHA will accept applications for Small Projects throughout the year, *as long as funding is available*.
- Investors have the option to apply for a Lite-Reservation **or** wait to apply for a Grant after the project is fully completed and placed in service. The Lite-Reservation provides the Investor assurance that funding will be **available** upon completion of the project.

- If applying at project completion, Investors must apply within **60** days from the placed-in-service date. The placed-in-service date is the date in which the **final** approved Certificate of Occupancy or Building Inspection is issued for work done to the respective building or facility, as required by local jurisdiction.

### **LARGE PROJECT SET-ASIDE**

- The Large Project Set-Aside is for program eligible Investors that make a QRPI in excess of the MQIT that **exceed** \$250,000 (\$275,000 minus \$25,000 MQIT).
- Investors are entitled to a DDD Grant in an amount equivalent to 20% of the QRPI in excess of the MQIT (\$25,000) up to \$500,000 per building or facility. Grants in excess of \$500,000 will be calculated at a lower rate up to an additional \$1,000,000 for a maximum allowed Grant of \$1,500,000.
- Large Project Investors **must** apply for a Reservation in order to be considered for a DDD Grant. DSHA accepts applications for Large Projects once per fiscal year; however, if funding permits DSHA may offer additional application rounds.
- In the event DSHA receives Reservation requests that **exceed** the amount of available funding, applications that address established priorities will receive special consideration.
  - Identified in District Plan as Priority Project
  - Readiness to Proceed
  - Creates Permanent Jobs
  - Creates or Sustains Mixed-Use Development
  - Expands Housing Opportunities
  - Protects Historic Resources
  - Adaptively Reuses Existing Structures
  - Promotes Sustainable Practices
- Large Projects that have completed **more than 35%** of the estimated QRPI **prior** to the date the real property location is officially incorporated within the boundary of a designated District are **not** eligible for grant consideration.
- Large Projects that will place in service within **60 days** of application deadline are **not** eligible for consideration.
- Large Projects **must** be 15% substantially commenced within 12 months and completed within three (3) years from the date of Reservation.
- An Attestation of Costs by a Certified Public Accountant (CPA) is required for all Large Projects. Costs associated with the Attestation are **not** eligible for a DDD Grant.

### **DISBURSEMENT OF GRANT AWARDS FOR SMALL AND LARGE PROJECTS**

- Awards will be disbursed upon successful completion of the project and the following:
  - Receipt of Disbursement Request within **60** days from completion and being “placed in service”.
  - Receipt of all required support documentation, including the CPA’s Attestation of Costs, if required.
  - DSHA Compliance Review and Property Inspection.

### **ADDITIONAL INVESTOR INCENTIVES**

- DSHA’s Strategic Opportunity Fund for Adaptation (SOFA) Grant from Delaware Department of Natural Resources and Environmental Control (DNREC) to assist DDD Investors with fees associated with energy/sustainability certifications.
  - **For SOFA grant information, please contact Hilary Austin or Karen Horton at (302) 739-4263**
- Additional incentives managed by the State, Kent and Sussex Counties, Districts and others may be found at <http://www.stateplanning.delaware.gov/ddd/incentives/incentives.shtml>.

### **DSHA CONTACT FOR DDD GRANT PROGRAM QUESTIONS AND TECHNICAL ASSISTANCE**

Penny Pierson, DDD Program Manager  
 Email: [Penny@destatehousing.com](mailto:Penny@destatehousing.com)  
 Phone: (302) 739-0246

For detailed information about the DDD program including guidelines, links to District websites, maps, applications and forms, please visit DSHA’s website at <http://destatehousing.com/DDD>.